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WAGES AND TARIFFS.

INFLUENCE OF THE PROTECTIVE SYSTEM ON
WAGES, SOCIAL ORGANIZATION AND
THE DISTRIBUTION OF WEALTH.

AN ADDRESS

DELIVERED BEFORE THE

Brooklyn Revenue Reform Club,

ON MAY 8TH, 1884.

BY

E. J. DONNELL.

WITH AN APPENDIX.



PRINTED AND PUBLISHED

BY

WILCOX & O'DONNELL COMPANY,

131 William Street, New York.

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WAGES AND TARIFFS.

IMPORTANCE OF THE WAGES QUESTION IN TARIFF DISCUSSION.

The question of wages is the pivotal question in the tariff discussion. As compared with this, all others sink into insignificance. If it can be shown that by any device of discrimination whatever, a tariff on imports can be made to benefit working people, I pledge myself to be a protectionist. The American people have a right to demand that this question shall be met fairly and squarely. Bold, reckless, unscrupulous assertions—*ad captandum* arguments such as have hitherto furnished the whole stock in trade of the protectionists will not answer any longer. I assert that protection lowers the standard of wages and I am prepared to prove it.

WAGES ARE THE PULSE OF INDUSTRIAL SOCIETY.—Health is indicated by regularity, steadiness, firmness; disease by irregularity, feverishness and uncertainty. It is not the nominal rate of wages in current money, but the means of well being, physical and mental, that constitutes the true standard of wages.

ALL TRADE IS PRIMARILY BARTER—THE EXCHANGE OF LABOR OR THE FRUITS OF LABOR. Money is a device originally intended to facilitate barter. The best money—that which inspires most general confidence and consequently has most steadiness in value, reduces most the friction attending the transfer of the products

of labor, from the producer to the consumer. Bad money—what is sometimes called cheap money—has effects analogous to taxes on commodities, and especially to what are called protective tariffs, increasing the opportunities and profits of speculators at the expense of producers and consumers. ¹

TARIFF EXPERIENCE IN AMERICA.

In treating the subject of wages, it will be understood that I do not mean by wages the money value of a day's work, not alone the purchasing power of such wages, but also the permanence and reliability of employment, without which happiness is impossible.

I propose to treat this question in the light of experience alone—American experience exclusively. In ninety years we have had forty different tariffs and important amendments to tariffs. Not only so, there was a time, before our revolutionary war, when we had no tariffs, excepting those enacted against our industry by the mother country. Besides, this was the first nation in the then civilized world to establish absolute free trade among its own people. In our foreign trade we have had high tariff and low tariff; we have had tariffs so high that they were intended to be prohibitive; and we have had low revenue tariffs, in one case avowedly intended to be a movement in the direction of complete free trade.

Under these circumstances it is not necessary to seek for knowledge from the experience of other nations. We can well afford to dispense with the wisdom of the Cobden club. I do not believe the time has yet come, (I trust it will never come) when Americans will be under the necessity of going abroad to receive lessons in the nature and uses of liberty.

HISTORICAL PERVERSIONS OF PROTECTION-ISTS.

It is not the least of the evils of a false system of legislation, that it nearly always finds theorists to formulate some kind of philosophy to support it.

In such cases literature is almost always prostituted to the perversion of history.

I know of no case in which historical perversion has been more glaring than in the speeches and writings of American protectionists during the last twenty years.

The public mind, being preoccupied in other directions, accepted their statements without question. The whole strength of protectionism at the present time consists in endless repetition of these false statements as to the influence of protection on American industry during the past ninety years.

It is not necessary to accuse anybody of intentional misrepresentation. It is sufficient to remember that, such is the constitution of the human mind, that honest fanaticism can do nearly all the work of which dishonesty is capable.

I will first summarize as briefly as possible the growth and differentiation of our industry during the Colonial period, without a knowledge of which it is impossible to understand accurately the subsequent influence of our protective system.

ORIGIN AND PROGRESS OF VARIOUS INDUSTRIES UNDER THE COLONIAL SYSTEM.

The first impulse toward colonization in that part of America which is now the United States, arose from the desire to escape from political and religious persecution. In other words, it was to seek for liberty, which is the twin brother of industrialism. The Colonists came to

find more favorable conditions for the free exercise of all their faculties. They found such conditions in free access to the gifts of nature.

In all countries there are what may be called natural—indigenous industries, which are the offspring of natural conditions.

The colonists were not slow to read the book of nature opening out before them on the American continent. They began at once to translate it into action.

The boundless forests and inexhaustible mines did not then suggest a tax. Monopoly was impossible: if it had been otherwise the first breath of liberty was too sweet and exhilarating to permit it. Nearly all of our leading industries began as soon as the first community of colonists was formed. ²

Then, as now, agriculture was first and greatest. Then came timber and all useful works in wood, especially ship-building. Simultaneously iron mining and iron manufactures. Nature had piled together iron ore and fuel, exposing them on the surface as if determined to make the work both easy and sure. Glass making was one of the very first successful attempts of the colonists. Among the first discoveries was indigenous cotton and other textile materials which were spun and woven in the way then common in Europe. These industries were all spontaneous because nature had made them profitable. The proportion in which they were more profitable than in Europe, was and is at the present time, the exact measure of what was then, and what should be now, the superiority in the condition of American over European labor. No device of the taxing power can improve natural conditions. A false system will always reduce natural advantages, and may be bad enough to entirely destroy them.

Let us now see how our natural industries prospered under the colonial system, with all its disadvantages ; and notwithstanding the jealous, ignorant, short-sighted obstructions of the mother country.

AGRICULTURE.

I need not dwell on agriculture. No sane man ever questioned its ability to stand alone. It has for ninety years been treated as the pack mule upon whose back other industries had a right to shift their burdens. They have succeeded in doing so, to an extent that is as surprising as it is discreditable to the general intelligence.

IRON.

As early as 1620 there were iron works established on the Jamestown river. At first it was regarded as one of the most promising Virginia industries, but soon tobacco culture and slavery, transferred the leadership in the iron industry north to New England, New Jersey and Pennsylvania. So rapidly did it expand, that in 1750 England absolutely prohibited the erection of any slitting or rolling mills, plating forges, or steel furnaces in the Colonies, and prohibited the export from them of any manufactured products. Exports of pig and bar iron were permitted, "that the British manufacturer might have his raw material both cheap and abundant." In 1718 they began to export raw iron, and in 1732 bar iron, and the export continued without intermission until the outbreak of the revolution, notwithstanding the fact that, until 1750 the export paid a duty of 3s. 9d. per ton.

When it was proposed to repeal this duty, there was a loud outcry against it from the iron interest in England. It was asserted that "England could not compete with the superior advantages of the Colonies," that, "it would

ruin their trade, and their workmen would be reduced to want and misery.”

How close is the resemblance between our American protectionists and their English ancestors. Parliament seems to have been wiser than our Congress.

Though it compromised with the monopolists so far as to prohibit the taking of American bar iron ten miles from London, it was declared that “A MANUFACTURE IS MORE VALUABLE THAN THE RAW MATERIALS, AND THAT AS THESE COULD NOT BE PRODUCED IN SUCH QUANTITY AND AT SUCH PRICE AS TO SUSTAIN THE MANUFACTURE, IT WAS THE DUTY OF PARLIAMENT TO ENCOURAGE THEIR IMPORTATION, EVEN IF IT SHOULD ARREST THEIR PRODUCTION AT HOME.” There is a lesson of practical common-sense in this, that would, doubtless, have governed our Congress if its intelligence had not been debauched by a false theory. Without favors of any sort, and without taxing any other industry, the iron industry grew steadily until the export in 1771 reached 5,303 tons.

Then it began to decline. Why? Because England began to reap the fruits of free competition in the stimulus it imparted to her own producers.

Not only before the war but after, and before the adoption of the constitution, or of any national tariff, our iron industry continued to expand. The manufacture was extending to edged tools, implements, and machinery of every kind required by the people. After the enactment of Hamilton’s tariff, imports increased materially.

There is a lesson in this, worth remembering. The present depression in our industry will burn it into the American understanding and make it henceforth axiomatic.

ALL TAXES ON RAW MATERIALS ARE LAWS IN FAVOR

OF FOREIGN, AS OPPOSED TO HOME INDUSTRY.

SHIPBUILDING.

Within four years after the landing of the pilgrims, ship building began in Plymouth, and within twenty years more the industry existed in all the Colonies from Maine to Virginia. During a whole century before the revolution, the colonies built ships for sale to the mother country. English ship owners sent mechanics to the colonies to build ships for them, so great were our natural advantages. In 1771 the sales of Colonial built ships to the mother country were estimated at 20,000 tons per annum. So important were these sales considered, that some people thought the industry could not exist without them. Lord Sheffield declared in 1783 that the separation of the Colonies would destroy it if England would refuse to buy their ships.

Previous to the revolt, it was estimated that three fourths of their carrying trade was done in vessels built and owned in the Colonies. A careful survey of the whole history of American commerce convinces me that this was not more, but rather less than the normal proportion. No hostile legislation by foreign nations could have permanently changed these proportions. Only laws enacted by our own government could have reduced us to the present 16 per cent.

WOOL AND COTTON.

Sheep were among the earliest imports of the Colonists, first in Virginia and afterwards in New England. Indigenous cotton had long before been found in the South. It was used in the manufacture of clothing. We began to export raw cotton in 1753.

About 1760 machinery began to be used in spinning

and weaving. This was the way England responded to Hindoo competition in the manufacture of cotton cloth. It is the way we have always responded to European competition, and never unsuccessfully. As compared with Europe, all natural advantages were in our favor.

In 1786 Jefferson wrote to M. de Warville, that the poor of the South were almost entirely clothed with it, winter and summer. He adds, "it is as well manufactured as the calicoes of Europe." Our revolutionary war, which stimulated invention in England, had a contrary influence here. The embargo and war of 1812, by shutting out foreign competition, was very injurious to us in the same way.

During the colonial period we always manufactured woolen cloth in the way then common in Europe and with equal success.

In all the leading industries, for which nature provides the raw materials in such abundance we were not second to any.

This progress, be it remembered, was made under a disparity of wages far greater than has ever existed under a protective tariff.

As late as the beginning of the 18th Century, the average wages of farm laborers in England, were only four shillings per week, and mechanics, six shillings. At no time during the colonial period were wages less than two to three fold that of the mother country ! ³

Into most of the Colonies the early settlers brought all the class prejudices of the mother country. Everybody whose fortune exceeded the average, was eager to "found a family." Yet such was the tendency towards an equitable distribution of property, owing to the absence of a protective system, that almost the whole population was republican and democratic at the close of the revolution.

Would that be the case now? I doubt it!

Our protective system originated with Alexander Hamilton. He was a man of genius, and too noble to prevaricate: he never hesitated to avow his distrust of democracy. He believed that the only safe support of governments was property and the property class. This is always the class that has obtained favors from governments at the expense of the masses. At the meeting of the first Congress, petitions poured in for legislative favors. Nearly all unequal legislation originates in efforts of governments or parties to obtain support by granting favors.

It is a danger to the liberties of peoples, that nothing but adequate intelligence and eternal vigilance can avert.

Jefferson and Madison were the two statesmen who preeminently understood and represented the feelings and aspirations of the masses. They repeatedly expressed, in various forms, their decided preference for commercial liberty, but this was a political instinct exclusively. Unfortunately economics were then, not only not understood, but wholly misunderstood. ⁴ Besides, the question of State rights absorbed the attention of the liberal party. Under these circumstances, the thin edge of the wedge of protection was inserted into our legislation without difficulty.

It was a thin edge, surely; only about 8 per cent. average, and the voice of the bounty seekers was in a tone of entreaty, accompanied by a solemn promise that it should only be temporary.

This was a promise that, in the nature of things, could not be redeemed, for this reason, a protective tariff, unless, as in steel rails, it is practically prohibitive, embarrasses the manufacturer more than it aids him. Even

among the recipients of tariff bounties, it is only the few that are enriched. This has always created demands for higher duties. These demands are never lessened, but always increased by every increase of the tariff, until stopped by popular indignation. Besides, when one citizen receives such favors from the government, others will demand similar favors, until industry is reduced to anarchy, as it is now.

VICIOUS INFLUENCES OF THE PROTECTIVE SYSTEM.

These anarchial influences of protection began to ripen their fruit very early.

In the first place, Mr. Hamilton's tariff removed from the minds of the English all fears of American competition. When an army seeks protection it is no longer formidable. This feeling of security was greatly strengthened when it was found that after Hamilton's tariff, America was a better market than ever for English manufacturers. Our imports increased largely. Mr. Hamilton put an extra duty on nails, which he stated would put an end to the import entirely. In a few years the import of nails nearly doubled! Pig iron advanced 50 per cent. in price, producing confusion and embarrassment in all departments of industry into which iron entered! hence the cry for more and higher duties. The costs of production increased in every department, thus making America the dearest market. Nor did any part of this increase go to wages. On the contrary, every appeal for higher duties was accompanied by complaints of the suffering condition of wage earners.

In the study of our industrial history to find out the specific effects of tariffs on wages, I find certain principles very clearly established, which I will try to state as nearly as possible in axiomatic form.

1st. THAT DEPARTMENT OF INDUSTRY WHICH EMPLOYS MOST LABOR HAS MOST INFLUENCE IN SUSTAINING WAGES, AND MUST, IN THE NATURE OF THINGS, BE NATURAL AND SELF-SUSTAINING.

2d. MINOR DEPARTMENTS HAVE SUSTAINING INFLUENCE ON WAGES IN PROPORTION TO THE NUMBER OF WORKERS THEY EMPLOY, PROVIDED THEY HAVE INDEPENDENT SOURCES OF EXISTENCE, AND IN PROPORTION TO THIS INDEPENDENCE, BUT NO MORE, AND NOT OTHERWISE.

3d. I FIND THAT MINOR NATURAL INDUSTRIES CAN BE ROBBED OF THEIR INDEPENDENCE AND TURNED INTO PARASITES BY PROTECTIVE TAXATION.

4th. I FIND THAT THE CONDITION OF AGRICULTURE HAS ALWAYS BEEN THE STANDARD OF WAGES IN THIS COUNTRY, AND WHATEVER INCREASES THE COST OF WHAT THE FARMER BUYS, OR REDUCES THE VALUE OF WHAT HE SELLS, LOWERS THE STANDARD OF WAGES, AND THAT PROTECTIVE TARIFFS HAVE ALWAYS PRODUCED ONE OR THE OTHER OF THESE EFFECTS, AND GENERALLY BOTH.

5th. I FIND THAT NO DEGREE OF PROSPERITY IN OUR PROTECTED INDUSTRIES HAS EVER ADVANCED THE RATE OF WAGES WHEN AGRICULTURE WAS DEPRESSED.

So dependent are our protected industries upon agriculture, that it is rare—very rare—to see their fortunes separated from their main support. I know of but one such case in our history, but it is so conspicuous and conclusive of the principle I have stated, that it is impossible to emphasize it above its value in the present great industrial controversy.

When the high tariff of 1842 was enacted, the financial crash of 1837 had been all liquidated, yet during the three subsequent years, prices of agricultural products declined, and manufactured goods advanced. In the his-

tory of cotton, 1845 is known as the golden year of mill owners, yet the planter received only five cents for his cotton, and the average price of the year was the lowest ever known in the history of the trade.

Farm produce was so low that corn was burned in the West for fuel, and wheat was sold for forty cents a bushel. Farm laborers in Illinois were paid five dollars per month, and employment was very uncertain at that. The whole record proves that under the tariff of 1842, manufactures advanced and the prices of agricultural products and wages declined.

In 1848 I traveled through New England, and heard everywhere reports of the great fortunes made by manufacturing capitalists, and I saw mills being erected wherever convenient water power could be found. In the mean time the revenue tariff of 1846 was in full force, but did not in the least impede the progress of expansion in manufactures ; on the contrary, it stimulated the expansion.

The revenue tariff of 1846 was enacted by the South.

The greatly reduced tariff of 1856 was also the work of the South. How wonderful are the works of God ! Such is the economy of Providence, that man always works wiser than he knows. Startling as it may seem to you, I declare with positive assurance, that it was not the abolition societies, but the South, that abolished slavery. Our Southern brethren were free traders. They learned this from Calhoun and he learned it from Adam Smith. When they inaugurated a régime of justice in our economical legislation, they signed the death warrant of all other forms of injustice. A reprieve was obtained by our protectionists, but its final execution is certain. Truth has infinite affinities, one grain of it will sometimes leaven a whole nation.

During the low tariff period, from 1846 to 1861, the accumulation of wealth was more than double that of any other equal period in our history, before or since. So says the census. Without that great accumulation of material power, it is doubtful whether the national integrity could have been maintained. Important as this was, it was by no means the most important of our gains. Under the influence of a fair degree of industrial liberty from 1846 to 1861, which, though behind the needs of the present time, placed us then in the front rank of industrial powers; such was the natural, just and equal distribution of wealth, that when Abraham Lincoln, the "rail splitter," that incarnation of all the noblest, most righteous aspirations of the "plain people," appealed to the genius of liberty and equality to defend the Union, the hearts of the mighty masses of the North and West vibrated as if they had heard a voice from Heaven.

Twenty years of aristocratic class legislation have now passed, and where are we? Who now cares for liberty, and who believes in equality? The man who utters the words is shunned as a dangerous character, or denounced as a Communist!

PROCESS BY WHICH PROTECTION REDUCES PRICES OF AGRICULTURAL PRODUCTS.

I have stated that a protective tariff, not only raises the prices of manufactured articles, but reduces the market value of agricultural products. This statement is verified in every page of our industrial history. I will now try to explain how these effects are produced.

When a protective tariff is enacted by a great industrial nation like the United States, the industrial systems of the nations with which we trade immediately begin to

adjust themselves to the new conditions. This is done by a gradual or, if necessary, rapid reduction in the prices of raw materials—all that enters into the costs of production—what may be called the *alimentation* of industry. In these, agricultural products of all sorts are included.

The reduction does not strike foreign wages because cheaper raw materials keep up the demand for labor. Besides this, reduction in the cost of raw materials is moderated by the advance in prices of manufactured products in the protected countries.

Unfortunately for us we are sellers abroad and buyers at home. Nearly everything we have got to sell is raw material—the free gifts of nature; nearly everything we buy is the product of labor. We have seen how this has crushed the agricultural classes in Europe and, at last, it begins to tell on our own tillers of the soil.

The adjustment of foreign markets to our protective system, though rapid in some respects, is slow in others, requiring years for its completion. It is never slow in enabling the foreigner to compete with us in our own market and driving us out of the neutral markets of the world. There is a larger form of adjustment which now, for the first time, seems to be nearing completion. If we tax the products of other countries which are willing to receive ours free, there is a law of nature that revolts:—consciously or unconsciously. They may continue to buy from us for a time; but if there is any way on earth to provide themselves with what they need where exchanges are free, they will find it out and utilize it. This may not be their conscious purpose, but the process goes on nevertheless, because it is one of the eternal laws. The Divine forces of the universe are not blind, though they be immutable.

This larger adjustment has already proceeded far enough to be felt severely by our farmers, who have been innocently misled by following the leadership of men no wiser than themselves. Their European market is passing away from them, and it becomes more and more obvious every day that their only possible salvation is freedom of exchange. ⁵

ACTUAL EFFECTS OF OUR PROTECTIVE TARIFFS IN THE PAST.

The actual working of the protective system on our woolen industry, furnishes one of the most instructive chapters in our industrial history. It holds in small compass—in a form easily understood, repeated illustrations of nearly every form of vice in the protective system. Here is an experiment on a large scale, persisted in for half a century. All varieties in form, and all degrees in amount of protection have been tried to protect both the raw material and the manufacture. It was an indigenuous industry extensively and firmly established before there was any tariff. There was no proposal to protect wool for thirty years after the adoption of the Constitution.

In 1824 the first attempt was made to protect the wool grower, and, at the same time, duties on manufactured articles were largely increased.

The effects produced by this, were exactly identical in kind, with those that have since followed every advance in the tariff. I will try to state them briefly. The market for raw American wool declined nearly 25 per cent.; importations of woolen goods increased more than 25 per cent. The manufacturers were reduced to the verge of bankruptcy. Of course a Congressional committee was appointed. Most of the manufacturers who testified be-

fore this committee in 1828 declared that they had been losing money since 1825.

Here were observed all the consequences of protection which have ripened and produced their fully matured fruits repeatedly since the close of our civil war; manufacturers ruined, wool depreciated in price, consumers taxed, and importations increased. Practical people would have learned a lesson from this, but our protectionists *had a theory!* Congress in 1828 passed the celebrated bill of abominations. It was one of the boldest attempts in our history to effect prohibition through the tariff. This was followed by another increase of importations: there was another decline of over 20 per cent in domestic wools; so depressed was the manufacture that not a single new woolen mill was established in the four years from 1828 to 1832. These facts seem at first glance to be contradictory, yet there they are, all recorded and duplicated more than once before our own eyes. In 1866, '67, and '68, there was an exact repetition of the experiment tried in 1824, '26 and '28—by largely increasing the tariff to cure the evils the tariff had produced. This challenges inquiry and demands reflection. ALL INTERFERENCE WITH NATURAL INDUSTRIAL LAWS TENDS TOWARDS CHAOS AND IS EFFECTIVE IN PROPORTION TO ITS SUCCESS IN THWARTING NATURAL TENDENCIES.

Our indiginous woolen industries when left to themselves, grew steadily, deepening their roots and extending their branches; new lines were gradually becoming naturalized to the soil. This natural evolution of industry is at once beautiful and *sensitive*. Duties on imported wools reduce their market value abroad and embarrass our own manufacturers, who require a free selection to prosecute their industry successfully. In this way the tariff adds to the facilities of the foreigner, what

it deducts from those of our own people. As to our wool growers, they have invariably been injured by protection, not only by higher prices for woolen goods, but by lower prices for raw wool. So far as I can discover, the average price of home grown wool, has invariably been highest under the lowest tariff, and lowest under the highest tariff.

Under the high tariffs of 1824 and 1828 we have seen how wool fell more than 40 per cent.; under the compromise tariff of 1832 cheap wools were admitted free, and the tariffs on others was largely reduced; within four years the price of home grown wool advanced nearly 60 per cent. After passing through the currency panic of 1837 and the re-enactment of higher protection in 1842, wool continued very low until the enactment of the revenue tariff in 1846. In the six years following, the price advanced nearly 60 per cent. During the general depression in 1854 a part of the advance was lost, and after the still lower tariff of 1856 it again advanced until the outbreak of the civil war. In the face of these facts, farmers meet in convention and resolve that the duty on wool ought not to be removed, veteran senators of thirty years experience in what was supposed to be statesmanship, encourage and urge them on in their fatal delusion.

Could there be a more striking illustration of the power of a false theory in resisting the most obvious teachings of experience? If this is not fanaticism what is it? What right have we to treat Mormon delusions with contempt?

The lessons of our woolen industries would not be complete if we fail to remember that they are only a sample. The influence of protection in all other departments is precisely similar in kind, though not always in degree.

In wool and woolens, protection has had free course.

The experiment has been tried in every form—*ad valorem*, the mixed specific and *ad valorem*, moderate protection and extreme protection have all been tried. The ingenuity of learned Senators has been taxed to produce tariffs the most complicated and ingenious. These wonderful productions have from time to time excited great expectations among the faithful. The protectionist politicians have used them as a labyrinth in which to protect themselves from common sense. I can see now one free trader after another lured into this chaos of figures, and wrestling over questions of detail that are mere decoys.

In 1866 Congress gave the wool growers and woollen manufacturers *carte blanche* to frame such a tariff as they wanted, and they substantially enacted their wishes into law as if the rest of the American people were not interested in the question. What was the result? Within two years raw wool declined and most of the mills were either closed or working short time. I remember some cases of bankruptcy from those causes that produced intense suffering in families. Similar crisis have occurred so often since, that they do not attract so much attention now as formerly. Still our newspapers do not fail to report the more conspicuous of these catastrophies. This kind of notice, with accompanying expressions of wide-spread sympathy, is very sweet and even consoling to the unfortunate.

Generally at the beginning or at the end of the article, there is a sentence like this: a thousand operatives have been thrown out of employment. Nothing more! It is thus history has always been written! We have volumes about Cræsus and Cæsar and Pompey and the rest, but hardly a word of the multitudes of human beings trodden into earth, and hearts torn to pieces by the ambitious struggles of their leaders!

What becomes of these thousands deprived of employment? their wives and children, may be, without bread? This is the question the answer to which most deeply concerns the whole community. I tell you now in sincerity—and I wish you to mark it well—this question is now knocking at our door and we must find an answer to it or it will pull down the house over our heads!

Some of these people may find other employment less congenial and less remunerative, some we know become criminals and tramps, and many become receivers of alms. We know that religion does much, perhaps all it is able to do, to ameliorate the sufferings of the unfortunate, but it is from science alone we can expect a cure and a permanent preventive.

Notwithstanding all I have stated, with history repeating itself before our eyes, protectionists still profess boundless confidence in their pet system. Never did a false theory show more power over human reason! Alas! selfishness is not merely short-sighted—it is sometimes stone-blind!

In our timber and iron industries the influence of protection is in every way similar; in some cases less marked, in others more so. A natural industry may easily be injured by bad legislation, but it is difficult to destroy it. Yet even this is possible. It has been done again and again in history, and may justly be regarded as the perfect work of protection.

The achievements of Emperor Charles V. in this line have been fairly rivalled by our Congress in destroying American ship-building. It is no exaggeration to stigmatize this as a crime against nature!

DURING OUR WHOLE HISTORY EVERY ADVANCE IN OUR TARIFF HAS CURTAILED, AND EVERY REDUCTION HAS INCREASED OUR SHIP-BUILDING.

I have spent hours fruitlessly in trying to convince theoretical protectionists that every tariff tax on the materials used in ship-building must necessarily increase the cost of our ships, and thereby place our builders at a corresponding disadvantage ! Theoretical protection seems to rob men of their knowledge of simple addition and subtraction. It not only paralyzes our industry, but it paralyzes the human brain !

When we had the revenue tariff of 1846, it placed us as much on an equality with England as free trade would now ; her approaches towards free trade were then partial and tentative. When iron began to displace wood in 1855, we began to lose ground ; but on the further reduction in our tariff in 1856, we also began to build iron ships successfully. If the tariff on iron had then been entirely abolished, we would certainly have held our own, to say the least. By this time we would as certainly have led other nations, as our natural advantages are greater than any, or all others. I know there are well meaning people who doubt or deny our ability to compete with England in iron ship-building. I regard this as an utter delusion, contradicted in every page of our industrial history. 7

See what an immense field for the employment of American labor is closed by this destruction of one of our most important natural industries.

Our coasting trade, reserved by protective laws, and consequently supported at the expense of other industries, necessarily lowers the standard of wages instead of raising it. If a high tariff reduced the import of foreign iron, it might not very unreasonably be supposed that American labor derived from it some partial temporary advantage.

BUT THIS IS NOT SO. THE VALUE OF IRON, AND MANU-

FACTURES OF IRON IMPORTED, IN PROPORTION TO OUR WHOLE CONSUMPTION, HAS BEEN LEAST UNDER OUR LOWEST TARIFF.

In 1860, the proportion of our consumption imported was the smallest since the close of our war with England in 1815.

The philosophy of this I have already explained. I wish working people to consider what these facts import for them. At the time when our iron industry was least burdensome to the masses of the people, and most nearly self-supporting, it was most prosperous, affording most demand for labor.

If we will look carefully into the facts, we will find at every step of our tariff history unmistakable indications, some slight and others more marked, of that industrial anarchy with which we are now smitten. At last, all the bad fruits of the system seem to have ripened !

No wonder Professor Jevons thinks protection a part of human nature. Alas ! there are many things that seem to be so, such as war, and the belief that stealing benefits the thief ; yet nature repudiates and brands them as delusions.

It is wonderful how history sometimes repeats itself. The blind passions of the human heart appear and reappear again and again, but always in new costumes suited to the age and the circumstances.

When the Northern barbarians poured in among the debris of the Roman Empire, their chiefs seized upon the land with all its treasures. They owned everything, and the people nothing. Under these conditions the masses were driven to seek protection in slavery.

When their descendants migrated to North America, with its vast forests, its exhaustless mines and its rich soil, by a cunning system of taxation they attempted to

turn them into a monopoly. This is the true meaning of a tax on raw materials, which are the *alimentation* of industry. ^s. Again the working masses are paying tribute on the gifts of nature. If it were possible to continue such a system, they would, in the end, seek further "protection," in slavery, which is the real meaning of protection, first and last.

What is the remedy for these evils? It is certainly not confiscation, direct or indirect.

OBJECTIONS TO ANY FORM OF CONFISCATION.

I object to Mr. Henry George's proposed remedy for several reasons.

First. It is so violent in its character, and so outrages natural justice, that he does not dare to reach his purpose by the only direct road, but devises the circuitous route of taxation. This alone should discredit it.

Second. It would destroy the moral power of ownership in a homestead, or the hope of acquiring it, as a creator and sustainer of civic manhood.

Third. It would reduce the standard of wages by loading the back of agriculture with all the taxes. The great majority of working people would necessarily continue to be wage earners, and the burden on agriculture would weigh on them.

Fourth. His remedy is no remedy at all for land monopoly. He does not pretend to deny individual right to the ownership of what labor has put on land, so that, under another form, monopoly may be as complete as ever. His proposal is much like the act of the farmer who burnt down his barn to destroy the rats, and after the deed was done, discovered that the rats had escaped.

The true remedy is industrial liberty. It has the great merit of combining simplicity with potency.

There can be no Utopias in practical politics without chaos :—that is one of the lessons of the French Revolution. Even the most just and perfect reforms may be untimely. The first in the order of time and in the nature of things, must be industrial emancipation. Even in this, if we would have no backsets and make no mistakes, we must build stone by stone and brick by brick.

Beneficent, durable reforms must come from the ripening of events and the education of public opinion. This is that opportunism which has been naturalized even in France, and is at once the creator and the preserver of her republican government. ²

I am a civil service reformer one of the most earnest, most extreme if you will. Nothing but necessity could make me vote for any candidate for president whose position on this question is equivocal. Yet I would consider it a criminal waste of time to preoccupy the public mind with civil service to the exclusion of the more vital question of the tariff. So long as you leave the sources of corruption open—in the right and practice of unlimited discriminating taxation, Congress will never pass a civil service law that cannot be evaded, and on the first favorable opportunity thrown into the waste basket. Under such circumstances, to agitate civil service reform is like scratching the skin to cure the itch, while refusing to purify the blood. Purify the fountain and all the streams will become pure without effort. Let no free trader be led astray by milk and water politics ! This is war ! He who is not for us, is against us ! No amount of personal character for integrity and purity public or private, in the candidate should, at this time, outweigh false theories as to legislation on the one paramount, vital question which communicates with every nerve centre of American life. I do not hesitate to declare em-

phatically that, under present circumstances, the most dangerous candidate for the presidency, whatever party he may belong to, would be a protectionist, especially a *doctrinaire* protectionist. The more honest he is—the stronger his convictions and the more weighty his personal character, the more dangerous he would be! Beware! You may guillotine Danton to elevate Robespierre—who in his day was called the incorruptible! Let us not deceive ourselves about the present condition of the tariff controversy. There is a great work to be done and a great battle to be fought. So far the politicians have hindered much more than they have helped us. As to the people they are sadly in need of information. The truth is that the public mind has been so debauched by a false theory, from the hod carrier to the senator, that it can hardly bear the full midday beam of truth.

What do we see? The leaders of the democratic party meet in Tamany Hall to rouse public opinion in favor of tariff reform!

They resolve to demand a reduction of the tariff, but insist that it shall be left sufficient to secure good wages to the working people! What does this mean? one of three things. They are talking cant, without understanding the meaning of the language they are using; or they are protectionists in disguise; or they mean to betray the interests of labor.

We all respect our representative, Mr. Hewitt, and he is worthy of it. He is not at all ignorant of economic principles. Yet Mr. Hewitt talks of having sufficient protection to counterbalance the difference in wages between America and other countries. I do not know whether he intends to cover the difference between America and England, or America and Germany, or America and India! But of this I feel certain: If this senti-

ment of Mr. Hewitt has any foundation in economical truth—in other words, if Mr. Hewitt is not talking nonsense, it is not a lower tariff the country needs, but a higher tariff. If a protective tariff can, by any device of state craft, be made to advance wages, I for one, will demand more of it instead of less. ¹⁰

This is a real, not a sham battle. We cannot afford to furnish ammunition to the enemy. When Judge Kelly denounces foreign commerce and Professor Denslow eulogizes the lobby and declares it is no evil to have wealth concentrated in large individual fortunes, they do more for the cause of free trade than all the compromising revenue reformers put together. I thank them for their consistency and above all for their logical fidelity, which is the best guarantee of intellectual integrity.

The time has passed when the tariff reformers might have reduced the tariff without relinquishing all hopes of an alliance with monopoly, and thus securing "money to carry the election." The mere suspicion of such an alliance would now injure incomparably more than their money would benefit. ¹¹ The Republican party has been electing delegates to select a candidate for the Presidency. There is not the slightest indication that any principle or policy is considered or discussed. All the discussions are purely personal. Can it be possible that these elections are being conducted by the real American people—the people who are suffering under the most vicious and oppressive system of national taxation that has existed in any civilized nation for a third of a century at least? It is not possible that the people can be indifferent on this subject. I venture to predict that they will insist upon its being discussed, and will themselves have something to say when they vote for President.

THE POWER TO ORGANIZE AND DIFFERENTIATE INDUSTRY EXISTS IN THE CONSTITUTION OF THE HUMAN MIND. Let us see what are the fundamental principles upon which the claim for industrial emancipation is based. If they exist in the nature of things their claims are absolute; if they do not, they have no claim on our intelligence at all.

I hold that free industry is the one potent force which nature has furnished with power to create and perfect human society; and any external interference with the free, natural action of this force, is always an element of disorder. Let us trace our present industrial era back to its source. In the nature and character of its origin, we will find a sure guide to the right understanding of its subsequent history.

The fall of the Roman empire was brought about through centralization and excess of authority, persisted in until it crushed out individuality, which is the only foundation on which durable government can rest. Fortunately for Western Europe the destruction of all potent government there, was complete. This was its future salvation. This absence of potent government permitted the crystallization of industry naturally in the communes all over western Europe. ¹² In these communes nature planted the seeds of that renaissance of which we hear so much;—of that democracy which is the spirit of the age; and finally, a perception of that truth of truths, that justice is the law of nature, which all the forces of the Universe are pledged to execute. This is the supreme lesson that is taught by all free industrial exchanges. Liberty and peace always bring with them prosperity and wealth. These are temptations to the idle, the envious and covetous. There were plenty such in Europe in the middle ages; there are plenty now in

America. They are sometimes outside of industrial society in the form of invading armies; they are sometimes inside in the form of militant governments, exploiting human pride and patriotism. Where neither is available, as in America to-day, other excuses for taxing labor are not wanting.

When the idle classes discovered the wealth producing powers in the industrial communes, the struggle between modern progress and barbarism began in earnest and continues to this day. There can be no doubt as to the result of the contest, because science is on the side of industry in which it recognizes its mother.

In all the works of the Creator, there is nothing more beautiful and more profoundly interesting to the student than the provisions furnished in the constitution of the human mind for the organization of society through industrialism. In the order of evolution, or creation, if you prefer it, these provisions begin almost at the bottom, and show unmistakably the power of Omniscience. As in all other departments of the Universe nature advances to its purpose by evolution, development, growth.

We find among the insects, industrial organization as perfect in its kind as we can ever hope to attain on the higher human plane. The provisions in the human constitution are all just as perfect as in the insect, but it is evidently intended that man shall not attain to perfection through instinct alone.

Having the power of choice he can only perfect himself through the understanding.

All experience, when rightly understood, teaches this lesson: industry must dictate its own laws, which should never violate the principles of liberty and justice. Government interference should be confined to removing obstacles to free exchange, and cheapening all its processes.

It may open new markets wherever its power is available. In enforcing contracts industrial society is competent, but external government has proved itself to be a lamentable failure.

If you will look around you, anywhere in the cities of the United States, you can see everywhere, industry busy devising means to protect itself against the so-called "best government in the world," which costs so much and does so little that is good, and so much that is evil. Have you ever asked yourself, what is the meaning of these commercial exchanges that are springing up everywhere—in produce, in cotton, in coffee, in petroleum, in real estate, etc., seemingly destined to cover and include every kind of trade in the products of human industry? I will tell you what they mean. They mean this: the trading community finds it absolutely necessary to protect itself from government meddling. In these exchanges, systems of free justice are established on the foundation of perfect equality and personal honor as an indispensable condition of membership. If the members were forced to resort to the courts provided by the government, to enforce their contracts, trade would be simply impossible. Justice, if they could get it (which they cannot), would cost a great deal more than it is worth, in a pecuniary point of view. Mark this well! it is not a passing incident, it is an irrepressible conflict. Our lawyer politicians seem to understand it, judging from the number of investigating committees appointed by our legislature to investigate the business of our exchanges.

This conflict will continue until the powers of government are limited and defined. When this takes place, I do not know what will become of the lawyers, nor will I, at present, venture to guess, beyond this, they will, like the government, do less evil and more good than at present.

APPEAL TO WORKINGMEN.

A word to workingmen—the industrial army, on whose intelligence and patriotism the future of this country and of modern society mainly depends. Let no man deceive you into believing that government can help you by any other means than by taking its heavy hand off your back. It is taxing you to death. Again and again you have appealed to it for help, and its reply has been more taxes. When a proposal to reduce taxes, however little, is made, parties divide and quarrel, and Congress becomes a chaos. When a proposal is made to appropriate money from the public treasury, parties unite in fraternal amity.

I tell you, my friends, so far as you are concerned, protective tariffs are poison. I would not complain so much of the reduced wealth producing power of a protective tariff. Nature has given us wealth enough and to spare. With such a people, and in such a country as ours, it is impossible for any system of legislation to destroy it all, or even half of it; but I do complain of a system that gives all to a few, and nothing at all to the many. ¹³

EXPANSION OF ECONOMICAL SCIENCE.

Hitherto economical discussions have been mainly directed towards the production of wealth with little regard to the question of its distribution. The progress of events and more careful observation of the practical workings of the free, and the restrictive systems, are drawing attention more and more towards the latter.

It is patent to all the world that while in America, under protection, the working masses are losing control not only of the directing power of industry, but also of the

Government and the administration of justice, a considerable portion of our people are undisguisedly opposed to the republican and democratic traditions of the American people. ¹⁴

On the other hand, free trade is steadily and not slowly moving England towards democracy. So obvious is this movement, that it is alarming the privileged few, who are naturally attracted to this country where they find in our large cities more congenial associations than at home. ¹⁵

Prince Bismarck has not been slow to discern the signs of the times. He has devoted his life to the establishment of autocratic government in Germany. He knows that such a system of government cannot be maintained with a natural distribution of wealth ; consequently he has adopted the protective system, which is rapidly creating a small class of great wealth, who are, of course, ardent supporters of his system. One example of this will be sufficient to explain how it works all over Germany. In the small town of Magdeburg there are half a dozen sugar manufacturers who, within a few years have become very wealthy from government bounties. These men bestride the community which looks upon them with wonder and admiration, and, of course, their influence is immense. It is the same in one form or another all over Germany. This is what our protectionists call prosperity. Of course this system impoverishes the masses. Nor is Prince Bismarck blind to this. On the contrary he forestalls the discussion on this branch of the subject by proposing a system of insurance for superannuated or disabled workingmen. In this way he hopes to make even his victims, his partisans.

What we call free society—society founded upon the democratic principle of equal laws for all, with govern-

ment based upon the self sustaining individuality of all citizens, can have only one durable basis viz. free industrialism.

Freedom never has had, and never can have an organized existence only in proportion to the degree in which the distribution of property among all the members of the community is natural. Discriminating taxation and socialism are the two extremes which inevitably converge towards the same result, viz: the destruction of individual liberty, and, in the end anarchy.

When I read the works of political economists, I almost excuse Carlyle's sneer at political economy as the "dismal science." I think this is the opprobrium of the economists. I would not undervalue the importance of free trade as a mere question of dollars and cents, but I would most earnestly urge free traders to get upon higher ground, so as to widen the circle of their vision. On this higher ground they will see that the question touches humanity in all its relations, political, social, intellectual and moral. They will find that to all these departments, liberty and justice are the Sun and Moon. Here there is a white light that will inspire the intelligence and set the soul on fire. The hearts of the politicians may be hardened, but the hearts of the people are not.

APPENDIX.

1. I venture to assert that no such law as the "Bland Silver Bill" could have been enacted and remained unrepealed so long if the public mind had been educated by the practice of a scientific system of taxation.

One fundamental error in economics breeds all others indefinitely.

The evil influences of a false system are visible everywhere. They paralyze the free traders in Congress ; they are seen in the timid resolutions of our Chambers of Commerce, on the forced legal tender and coinage of silver ; at last they have reached the Supreme Court, which we have been accustomed to regard as the bulwark of the Constitution and the sure refuge of liberty and justice.

I wish the people could understand what the late legal tender decision means, and all it means. The power to debase the currency has, in all ages, been the most potent instrument in the hands of despots to impoverish the masses. The framers of the Constitution were alive to this, and thought they had provided against it in prohibiting Congress from making any law impairing the validity of contracts. The power to declare paper a legal tender during war is simply a *power*, not a *right*. War is supposed to suspend law when necessary ; but this, in fact, is not strictly true. The progress of civilization is constantly, more and more, bringing even war under the dominion of law. Under a representative system of government conducted through the instrumentality of political parties, the power of debasing the cur-

rency may, under some circumstances, be more dangerous than under an autocracy.

This new assumption of power through the decision of the Supreme Court is a natural outgrowth, and probably the culmination of the protective system. It is the logical outcome of the system of *paternal government*. A debased currency is the harvest of brokers, bankers and speculators, but the sure ruin of the laboring masses. The way in which a protective tariff operates to increase the cost of exchanges is well illustrated by a single instance at the present time.

We import from Brazil a large quantity of coffee and, owing to the tariff, export very little of anything to that country. In order to pay our debt we send our bread-stuffs and provisions to England, and through the instrumentality of English capital and labor, have them transmuted into manufactured articles which, again through the same means, are transferred to Brazil to pay for our coffee purchases.

With free trade this transmutation would be accomplished on our own soil, by our own labor and capital and through the same instrumentalities, landed in Brazil and sold to native consumers. It is not necessary to enlarge upon the enormous costliness of our present method of paying for our coffee. It is an admirable system for England. Coffee is not singular; nearly all our foreign commerce is conducted in a similar way.

2. For colonial progress see "A History of American Manufactures." by J. Leander Bishop.

3. For wages in England in the seventeenth century "Macaulay's History of England," Vol. 1, Chap. 3, may be consulted; but "Work and Wages," by Thorold Rogers, will be more satisfactory for both earlier and later dates.

4. It was natural that Carlyle, the apostle of hero worship, should regard with contempt all forms of Democracy, because hero worship is the most insidious enemy of self government. When veneration for great qualities combined with gratitude for great services destroys our powers of discrimination, we become slaves.

Mr. Jefferson is a grand figure in the history of this country. He performed a great work but he also committed great errors. His method of making war by an embargo was not a whit more rational than the Japanese method of defending honor by committing suicide. He was the author of the original draft of the celebrated Kentucky resolutions, which laid the doctrinal foundations of nullification and planted the seeds of secession. When it was afterwards privately reported that such was the fact, a friend wrote to him to know if it was true. Jefferson's reply was, "I had hoped that no friend of mine would have asked me that question." No friend of his at this time can fail to regret that he did not openly and unequivocally acknowledge his error.

If Mr. Jefferson could speak to his countrymen to-day his patriotism is a guarantee that he would remind them much more of his errors than of his services.

5. In describing the influence of the protective tariff on prices at home and in the foreign markets, I of course, suggest what would be the effects produced by the abrogation of protective duties. To the reader who has followed my statement this will be obvious enough, yet many will wish to have the question answered more specifically. A few words will be sufficient to indicate them in a general way.

There would be an immediate advance in the foreign markets, rapid in manufactured articles, less rapid but more continuous in agricultural products; consumption

would increase and this would be sensibly felt in the prices of food and in clothing material, such as cotton and wool. Manufactured articles would not decline in the home market to an extent at all approaching the reduction of duties. It is probable that many articles would advance. It is not improbable that within five or ten years there would be an average advance on the whole line of manufactured products, the export of which would mount up with a rapidity that would astonish the world. Our easy access to raw materials of all kinds would place us on a vantage ground so commanding that our commerce would distance all competitors.

Our agriculture would have such prosperity as it has never hitherto known, or even dreamed of. All departments of American industry would then learn, for the first time, what the real extent and grandeur of our natural advantages are. That foolish bugbear of a word, "over-production," would be wiped out of our vocabulary; it would be demonstrated by actual experience that what was called by that name was really *under-consumption* produced by poverty, the result of government meddling with the natural laws of trade. There are at least a thousand millions of the human race who are either imperfectly clothed or not clothed at all, while our spinners and weavers stand idle or work short time. It would require at least a million miles of railways to reach these people, yet our iron workers have only employment by fits and starts, and our iron and steel rails have no adequate market. We are offering our steel rails at about twenty-five per cent. advance on the English price, though the manufacturers pay nearly fifty per cent. higher for their raw materials, owing to the tariff. If governments employed themselves in open-

ing up new markets and in cheapening and facilitating exchanges instead of restricting and embarrassing them, as they do now, we would have a new era for the masses of mankind, the glories of which would exceed even the poets' dreams.

6. An admirable summary of the effects of the various protective tariffs on the woolen industry will be found in "Does Protection Protect," by W. M. Grosvener. I have used it freely.

7. Our ability to build iron steamships in competition with England *seems* to be doubted even by some of our economists. I say *seems*, because their utterances on the subject are not quite clear.

The muddled waters of our protective system often obscure the vision of even honest free traders. I venture to assert that in no case has any industry been kept out of any country by the high rate of wages alone. The cause is always to be found in lack of aptitude, or in surrounding physical conditions or bad government. I challenge the production of a single instance to the contrary.

8. What is raw material? It is any material used in manufacturing industry. Crude material is a natural product in the form in which it is first brought into the market for sale. The discussion of this question is not germane to practical politics. For this very reason it is used by protectionists to confuse the public mind and divert attention from the main issue.

The free traders demand that crude materials, and some raw materials be freed from taxes, in order to demonstrate to the people the practical working of their system in a moderate, tentative way. They understand perfectly that the masses of the people require this experience to furnish the necessary support in public opin-

ion for progressive advances in the reform contemplated. The protectionists, feeling the insecurity of their citadel, defend their outposts furiously.

9. I find that I have, unconsciously, described the origin of beneficent reforms in almost the same language used by Gambetta in explaining the meaning of "opportunism."

In the character of the great Frenchman there was an extraordinary combination of qualities. To one of the most powerful individualities of the century he added wonderful good nature and magnanimity, with passionate love of country and spotless integrity. A great orator; he only spoke in public when it was necessary to his political purposes—when there was a great battle to be fought and a great victory to be won. Then, like the forces of nature, he was irresistible.

Yet, if Gambetta is destined to descend to posterity among the immortals, it will not be for what he was, but for what he accomplished as the political educator of the French people.

How well he did this work is shown by the fact that even before his death it was found that the government could only be carried on in the lines which he had marked out; and since his death the whole government has been forced by public opinion into the hands of men who are proud to call themselves his disciples. When it is remembered that all this work was done within twelve years, begun when he was only thirty-two years of age, it has, probably, no parallel in history. His opinion on the question of taxation is worth quoting. It was his method to indicate a future policy in advance by embodying it in a single sentence which he deposited in the public mind and left it to germinate. One of these condensed yet lucid sentences was this (I quote

from memory). "Taxes should be levied on what men own, not on what they consume; they who own much should pay much; they who own little should pay little."

This is a good sentence to remember; it is *handy* and easily stowed away in the mind, to be studied and weighed and held ready for future use. It is suited to all latitudes, and is as useful in America as in France. The time is coming when its practical application will be indispensable to the preservation of free government everywhere.

10. Since delivering my address I find that Mr. Hewitt has acknowledged his error as to the connection between wages and the tariff; yet I do not regret my allusion to it, as it furnishes such striking testimony to Mr. Hewitt's manly integrity. It is sometimes much more honorable to confess an error than not to have committed it.

11. There was a private circular issued last winter by a committee of protectionist manufacturers, and sent round to manufacturing capitalists all over the country, requesting subscriptions to a fund of \$20,000 to be used in preventing any reduction in protective taxes. It so happened that some of the gentlemen who received it had lately been studying the question for themselves, and had arrived at the conclusion that, so far as they were concerned, "protection did not protect" but quite otherwise. One of these gentlemen promised to send me a copy of the circular, but I have not yet received it. I intended to have given a copy of it in this appendix.

Since handing the above to the printer, I have received copies of several circulars from protectionist committees soliciting subscriptions.

The gentleman from whom I received them, states that since the meeting of Congress he has received a great

many that he threw into the waste basket. What a terrible demoralizer is an unjust tax imposed by a government resting upon universal suffrage! It is demonstrable that this tax is injuring its supposed beneficiaries quite as much as those who pay it; yet they cling to it as a man in the water would to a life preserver, though it leaked on all sides.

They urge subscriptions on the ground that they are combating British gold furnished through the Cobden Club, though it is morally certain that not a man of them believes a word of such nonsense.

One thing is obvious: there is a great conspiracy, well backed with money, to mislead the people. They rely mainly on two instrumentalities: first, subsidizing the newspaper press; second, but most important of all, to keep within the democratic party as strong a protectionist element as possible. One protectionist inside the democratic party is worth five outside. On the other side, republican candidates are approaching free traders to secure their support by promises that may mean anything in the way of tariff reform, but are certain, if successful, to elect a protectionist Congress. Free traders little acquainted with the wiles of politicians, are accepting these advances on the plea that the democratic party has not yet taken any position, and is not likely to do so!

12. There was an interregnum in communal history after the fall of the Roman Empire. When the industrial communes emerged from the darkness in the twelfth century they were like islands on the ocean. In them were all the vital forces and germinal forms of modern Democratic progress; outside of them a dead level of feudal despotism.

Guizot's lectures on civilization are worth reading, be-

cause they once drew attention to this subject and may do so again; but, like all Guizot's attempts at either philosophy or statesmanship, they are failures, disappointing in the conclusion all the high hopes he at first excited. For historical data, consult "*Essai sur L'Histoire de La Formation et des Progress du Tiers Etat par Augustin Thierry.*"

13. There are many ways in which the protective system operates to make the rich richer and the poor poorer and taxes agriculture, which require much experience and careful study to understand, but there are others that are so obvious as to excite astonishment at the popular indifference.

The protective tariff is intended to protect our own producers from foreign competition in our own market. So far as it is successful it enables our proprietors to combine together to dictate prices for the commodities they sell, and to depress the prices of what they need to buy. This is done mainly by reducing production in what they have to sell. This reduces the demand for labor and helps them to dictate wages. This system is necessarily at the expense of the masses who consume, and, through their labor, are the *instruments* of production. As a general rule a low price means high consumption and *vice versa*. Thus, while artificial prices enrich the capitalist, they impose upon the worker high prices for what he consumes and short employment for his labor. Under the title "Lords of Industry" there is an article in the North American Review for June, by Henry D. Lloyd, which gives some valuable information on the subject.

The following are some of the combinations to dictate prices, which are named in the article :

1. National Association of Timber Dealers, centring in the Chicago Lumbermen's Exchange.

2. Seven Railroad Companies who own two-thirds of the Anthracite Coal Lands, and through forced short time dictate prices. They also crush out independent producers by refusing to transport their coal to market.

3. The Coke industries of Pennsylvania, Tennessee, Alabama and Georgia.

4. The Manufacturers of Friction Matches.

5. The Wall Paper Manufacturers' Association.

6. The Western Wrapping Paper Association.

7. The American Paper Association.

8. Association of Dealers in old rags and old paper.

9. The Western Wooden Ware Association.

10. The Western Cracker Bakers' Association.

11. The National *Burial Case Association*.

12. Patent Medicine Manufacturers' Association.

13. Nail Manufacturers' Association.

14. Barbed Wire Manufacturers.

15. Western Pig Iron Association.

16. Empire Iron Company.

17. Central Tack Manufacturers' Company, of Boston.

18. Publishers of School Books.

More might be added, but, surely, this is enough; yet when any community submits to pillage without complaint, it offers new temptations to ingenuity. As if the farmers were not sufficiently taxed in their purchases, the buyers of cattle have combined in the Western markets to prevent competition in purchasing. They appoint one buyer to buy for the whole combination.

Our rail roads give heavy discounts on freight rates to wholesale shippers, Our Government showing that it is controlled by the same spirit—if not by the same men who manage the railroads—gives ten per cent. discount

to wholesale purchasers of revenue stamps ; in both cases forcing men of small capital to work for wages.

There is no protection for the farmer. With him combination is impossible. If it were otherwise, and the attempt were made, it would be met with a howl of rage from the rest of the community about *the poor man's food, &c.*

14. Mr. Hewitt in his admirable speech delivered in the House of Representatives on April 30, 1884, relates as follows an incident showing the policy, purposes and power of the Trades Unions of England. "In a strike which I witnessed on the Brighton Railway, in England, I had an interview with one of the chief officers of the great Association of Amalgamated Engineers. I asked him what was the limit of the wages which they expected to get from the railway. He said, 'There is no limit ; we intend to have all the earnings of these railways, except a fair remuneration for the capital actually invested and fair salaries for those who administer them ; and the only question with us is how to find out what the amount is, and we intend to have it.' That great Association contained as its members all the engineers of Great Britain, numbering many thousands. It has a great fund in its treasury of nearly a million of dollars, and it has had as much as a million and a half dollars at one time." The evils arising out of the practical workings of Trades Unions, like the evils connected with many other good things, are the result of ignorance. It is a gigantic, but beneficent and necessary work to teach the working people what their real interests are, and how they can be secured. In this work we have two difficulties to meet. First, thoughtlessness, pre-occupation and the necessity of manual labor. Second, confirmed habits of thought, based upon theories taken for granted.

Harvey, who discovered the circulation of the blood, stated in his old age that he never had been able to convince any man over forty of the truth of his discovery.

The hope of free trade at the present time is in the younger men and in the growing strength of the rising generation. Let any free trader who doubts this try his hand on a New England protectionist, whose young mind was matured on the emotional economics of Mr. Horace Greely, who had always taken it for granted that "*protection to American labor*" meant what it said, who was convinced thirty years ago that free trade was a scheme of slaveholders, devised to break down northern industry. I think after he gets through with one of these honest old gentlemen, he will, unless I am greatly mistaken, resolve to devote the remainder of his life to the young men.

15. When the representatives of the English Trades Unions attended the Workingmen's Congress in Paris, last winter, the contrast between the attitude and speeches attracted a great deal of attention, but I do not think the full meaning of the difference was understood even by the most intelligent French economists, at least I saw no indication that it was. The English delegates spoke like men who were conscious of the possession of power and knowledge enough to use it for their own best interests and those of their country. On the other hand, some, not all, of the French delegates spoke in the frantic way common to men who feel their impotence and are enraged by it. I consider it blind prejudice to attribute this difference to difference of national character, and I hold it to be susceptible of proof that it arises from difference in government, especially in the department of economical legislation. The protective system robs the working classes of legitimate influence on government by debauch-

ing their knowledge of economical principles, through which alone effective and beneficent political influence can be exercised. Protection engenders all kinds of heresies in industry and finance. Hence, when the people suffer and demand something from the government it is sure to be the very thing that will injure them most.

When they discover this and find their sufferings increased they are naturally enraged or sink into a painful feeling of impotence. Under such circumstances there is but one alternative—slavery or bloody revolution. The true cause of this—and it should always be remembered—is ignorance on the part of the lawmakers. I am glad to see that the French government has turned its attention to this subject with earnestness.

The law of the Syndical associations, which passed the Senate in January, not without strenuous efforts on the part of the Minister of the Interior, gave much satisfaction to the more intelligent workingmen. The grand committee of the Chamber has now been hearing testimony since January last from the representative men of all the various branches of French industry. Judging from the discussions going on in the more intelligent French journals, the great question of free trade is becoming as prominent in France as in this country.

One thing is certain, the future tranquility of society in both Europe and America depends mainly, perhaps exclusively, on the adoption of a scientific system of taxation.

PLATFORM FOR THE APPROACHING PRESIDENTIAL CAMPAIGN.

It is of great importance that the free traders should understand clearly and definitely the present position of the controversy between them and their opponents. I

think it is to be regretted that the Morrison Bill has not aided the public in reaching such an understanding. I believe all parties agree that taxes must be reduced because the people demand it. The practical issue of the moment is (it should be the entire issue in the presidential canvass), shall the people be permitted to try the experiment of a tariff so constructed as to test the principle at issue by results visible to everybody? Such an experiment can only be fairly tried by freeing all crude, and a sufficient number of raw materials to test the principle of free trade in one or more of our leading industries. No intelligent, honest patriot can deny to the people such fair treatment as this. It is a square issue; it is due to justice and common sense.

The free traders do not wish to take advantage of any want of correct information that may exist among the people. They are absolutely sure of their position; and if it were otherwise they would be glad to do for their own instruction what they now propose to do for the instruction of the people. What do the protectionists want to do? Their reply to this challenge will answer the question.

This is a platform on which the most intelligent and courageous free trader can stand side by side with every honest, fair minded patriot, who values his country above his party. It is an honest platform, such as the people have not known in many a day. It is short and will be readily understood by the "plain people." Parties have transformed the meaning of the word "platform" into *platitudes*. Let us have done with them and return to honesty, which requires few words, and fewest is best.

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